

Message Text

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44

ACTION EUR-12

INFO OCT-01 EA-07 ISO-00 STR-04 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02

OPIC-03 CIEP-01 LAB-04 SIL-01 OMB-01 SAJ-01 /098 W

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R 221352Z DEC 75

FM AMEMBASSY BUCHAREST

TO SECSTATE WASHDC 5956

INFO AMEMBASSY BELGRADE

AMEMBASSY MOSCOW

USMISSION NATO

USLO PEKING

LIMITED OFFICIAL USE BUCHAREST 6571

E.O. 11652: NA

TAGS: ETRD COMECON RO UR YO CH

SUBJ: ROMANIAN ANNUAL TRADE PROTOCOLS WITH USSR AND

YUGOSLAVIA; INTRA-CEMA PRICING

1. DEPY PM PATAN TOLD AMBASSADOR TODAY THE HE MIGHT GO MOSCOW DECEMBER 26 FOR SIGNING OF FOREIGN TRADE PROTOCOL FOR 1976. RUSSIANS HAD EXTENDED INVITATION, AND PATAN AGREED PROVIDED TRIP COULD BE MADE IN ONE DAY. MOSCOW TRIP WOULD FOLLOW DECEMBER 24 VISIT TO BELGRADE, WHERE PATAN WILL SIGN ANNUAL PROTOCOL WITH YUGOSLAVS.

2. ON TRADE OVER FIVE-YEAR PLAN PERIOD PATAN WAS RESTRAINED IN HIS REFERENCE TO OUTLOOK WITH SOVIETS, FAILING TO MENTION 32 PERCENT FIGURE. IN CONTRAST, HOWEVER, HE CLEARLY PLEASED WITH DOUBLING OF COMMERCIAL EXCHANGES WITH YUGOSLAVS.

3. PATAN TERMED NEGOTIATIONS REGARDING PRICING OF PRODUCTS IN INTER-CEMA TRADE, AS "DEVILISH PROBLEM". NEGOTIATIONS
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WITH SOVIETS, FOR EXAMPLE, HAD TIED UP 80 PEOPLE FOR OVER

A MONTH. WHILE IT WAS RELATIVELY SIMPLE TO ESTABLISH PRICES OF INTERNATIONALLY TRADED COMMODITIES AND RAW MATERIALS, AGREEMENTS ON PRICES FOR MACHINERY HAD PROVEN EXCEEDINGLY DIFFICULT. EACH SIDE CAME TO TABLE WITH HUGE PILES OF DOCUMENTATION, BUT DIFFERENCES IN SPECIFICATIONS PRESENTED SEVERE COMPLICATIONS. WHEN PATAN OBSERVED THAT TRADE WITH CHINESE AND WITH YUGOSLAVS CONDUCTED ENTIRELY ON BASIS OF WORLD PRICES, AND WAS THEREFORE SIMPLER, AMBASSADOR INQUIRED WHETHER THIS MIGHT NOT BE MORE APPROPRIATE BASIS FOR INTRA-CEMA PRICING ARRANGEMENTS. PATAN RESPONDED THAT SOVIETS MIGHT BE HEADING IN THIS DIRECTION. AMBASSADOR PURSUED POINT BY INQUIRING WHICH PRICING BASIS BEST ACCORDED WITH ROMANIAN INTERESTS. PATAN SAID HE WOULDN'T HAVE ANYTHING AGAINST MOVING TO WORLD PRICE SYSTEM BUT NOTED THAT CEMA HAD AGREED TO MOVING-AVERAGE FOR FULL PLAN PERIOD SO THAT, IMPLICITLY, QUESTION OF ALTERNATIVE PRICING ARRANGEMENTS FORECLOSED UNTIL 1980.

BARNES

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